

MONEY LAUNDERING RED FLAGS

CASH MANAGEMENT: BRANCH AND VAULT SHIPMENTS

This document lists various transactions and activities that may indicate potential money laundering. While not all-inclusive, the list does reflect ways that launderers have been known to operate. Transactions or activities listed here may not necessarily be indicative of money laundering if they are consistent with a customer's legitimate business. Also, many of the "red flags" involve more than one type of transaction.

1. **Change in currency shipment patterns.** Significant changes in currency shipment patterns between vaults, branches and/or correspondent banks may indicate a potential money laundering scheme occurring at a particular location.
2. **Large increase in the cash supply.** A large, sustained increase in the cash balance would normally cause some increase in the number of CTR's filed. Another example of a red flag in this area would be a rapid increase in the size and frequency of cash deposits with no corresponding increase in non-cash deposits.
3. **Currency shipments to or from remote locations.** Unusually large transactions between a small, out-of-the-way bank and a large metropolitan bank may also indicate potential money laundering.
4. **Significant exchanges of small denomination bills for large denomination bills.** Significant increases resulting from the exchange of small denominations for large denominations may show up in the cash shipment records.
5. **Significant requirement for large bills.** Branches whose large bill requirements are significantly greater than the average may be conducting large currency exchanges. Branches that suddenly stop shipping large bills may be using them for currency exchanges.
6. **International cash shipments funded by multiple monetary instruments.** This involves the receipt of funds in the form of multiple official bank checks, traveler's checks, or personal checks that are drawn on or issued by U.S. financial institutions. They may be made payable to the same individual or business, or related individuals or businesses, and may be in U.S. dollar amounts that are below the Bank Secrecy Act reporting/recordkeeping threshold. Funds are then shipped or wired to a financial institution outside the U.S.
7. **Other unusual domestic or international shipments.** A customer requests an outgoing shipment or is the beneficiary of a shipment of currency, and the instructions received appear inconsistent with normal cash shipment practices. For example, the customer directs the bank to ship the funds to a foreign country and advises the bank to

expect same day return of funds from sources different than the beneficiary named, thereby changing the source of the funds.

8. **Frequent cash shipments with no apparent business reason.** Frequent use of cash shipments that is not justified by the nature of the customer's business may be indicative of money laundering.